

**DETERMINATION FINANCIAL DISTRESS AMONG
THE COMPANIES IN MALAYSIA**

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the Lord of the universe and peace be upon His Messenger”.*

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ABSTRACT

A company is classified under PN 17 when a company involve in financial distress or do not have a core business or not able to maintain the minimum capital or equity and companies shareholders' funds (less than 25% from total up capital) based on Malaysian Stock Exchange Listing Requirements and the rules (www.klse.com, retrieved on 7th February, 2010 as cited by Soon et al. 2010). Financial analysis is a tool to detect the financial distress of the companies under PN17. On 8 September 2014, there are twenty three companies under PN17 listed under Malaysian Stock Exchange (Bursa Malaysia). The aim of this research is to examine the financial distress of the companies under PN17. The researcher used Logistic Regression Model using Forward Method. This study was carried out with the purposes to identify the relationship between asset management ratio, leverage ratio, liquidity ratio and profitability ratio with financial distress. This study answered the research questions formulated. The analysis of this study was made on a sample of 15 companies under financial distress and 15 companies under non-financial distress listed on Malaysian Stock Exchange where these financial ratios collected from 2007 until 2013. This study was used the secondary data to get the data. Then the result was analyzed by using Statistical Package for Social Science (SPSS). The research was analyzed through Multicollinearity Test and Hosmer Lemeshow Test. The finding of this research shows that the financial distress is influenced by the asset management ratio, leverage ratio, liquidity ratio and profitability ratio. There are positive and negative relationships with financial distress. Finally, there are some suggestions forwarded to reduce the financial distress among the companies in Malaysia.